



County of Los Angeles
CHIEF EXECUTIVE OFFICE

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"To Enrich Lives Through Effective And Caring Service"

July 21, 2015

ADOPTED

BOARD OF SUPERVISORS
 COUNTY OF LOS ANGELES

18 July 21, 2015

The Honorable Board of Supervisors
 County of Los Angeles
 383 Kenneth Hahn Hall of Administration
 500 West Temple Street
 Los Angeles, California 90012

PATRICK O'GAWA
 ACTING EXECUTIVE OFFICER

Dear Supervisors:

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO REQUEST FOR SUBORDINATION OF PASS-THROUGH PAYMENTS TO PAYMENTS ON PROJECT REFUNDING BONDS TO THE COUNTY TAXING ENTITIES (FIRST DISTRICT) (3 VOTES)

SUBJECT

This is a Joint Recommendation with the County Public Library, Fire Department and Department of Public Works to approve a Resolution to subordinate the County of Los Angeles', the Library District's, the Fire District's and the Flood Control District's right to receive pass-through payments from the Successor Agency to the Community Redevelopment Agency of the City of Montebello ("Successor Agency"), to the debt service payments of the Successor Agency's Redevelopment Projects ("Projects") refunding bond issue of 2015 ("2015 Bonds").

IT IS RECOMMENDED THAT THE BOARD:

Approve a Resolution subordinating the County of Los Angeles', Library District's, Flood Control District's, and Fire District's right to receive pass through payments from the Successor Agency which would otherwise be received from the Projects to the Successor Agency's debt service payments on the 2015 Bonds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Successor Agency is preparing to refinance tax allocation bonds for the purpose of providing savings to the Successor Agency and the taxing entities, through issuance of the 2015 Bonds. The timely subordinations are required by law upon receipt of a successor agency's request for subordination that is accompanied by a report showing that sufficient funds to pay both debt service and pass through payments to affected taxing agencies will be available when payments are due.

The Successor Agency submitted its subordination request to the County on June 8, 2015.

FISCAL IMPACT/FINANCING

Health and Safety Code Section 34177.5(c) authorizes successor agencies to refund outstanding bonds to provide savings to the successor agency. The savings generated by refunding bonds may result in availability of additional funds to the taxing entities, including the County ("Taxing Entities"). The County may disapprove a request for subordination only if it finds, based on substantial evidence, that the Successor Agency will not be able to pay both the debt service payments and the pass-through payments to the Taxing Entities. The Successor Agency's tax increment projections, reviewed by Chief Executive Office staff, indicate that there will be sufficient coverage to satisfy the debt service payments and the required pass-through payments to the Taxing Entities.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Prior to the dissolution of redevelopment agencies, Section 33607.5 provided that a redevelopment agency could request that the payments required to be made to taxing entities pursuant to Section 33607.5 be subordinated to loans, bonds or other indebtedness. AB X1 26, enacted on June 28, 2011 dissolved redevelopment agencies. AB 1484, a clean-up bill to AB X1 26, was enacted on June 27, 2012 and provides a mechanism to refund outstanding bonds, and includes the ability of the successor agency to request the taxing entities subordinate their Section 33607.5 pass-through payments to the agency's bonds.

Section 34177.5 (c) provides: "If the affected taxing entity does not act within 45 days after receipt of the agency's request, the request to subordinate shall be deemed approved and shall be final and conclusive." Failure to act within 45 days after receipt of the Successor Agency's requests (in this case, July 23, 2015) constitutes County approval of the Successor Agency's request to subordinate to the bonds. County Counsel indicates that approving subordination by express resolution is preferable to failing to take action within 45 days.

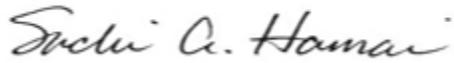
IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no known impact on current services and programs as a result of this action.

CONCLUSION

At such time as your Board approves the attached Resolution, please return one signed copy to the Chief Executive Office, who will assist in distributing copies to the County taxing entities.

Respectfully submitted,



SACHI A. HAMAI
Interim Chief Executive Officer



GAIL FARBER
Director

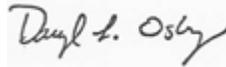
SAH:JJ:SK
RM:ib

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller



MARGARET DONNELLAN TODD
County Librarian



DARYL L. OSBY
FIRE CHIEF, FORESTER & FIRE WARDEN

RESOLUTION

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
LOS ANGELES TO SUBORDINATE THE COUNTY TAXING ENTITIES' RIGHT TO RECEIVE
PASS-THROUGH PAYMENTS TO PAYMENTS ON SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MONTEBELLO PROJECT
REFUNDING BONDS**

WHEREAS, Health & Safety Code Section 34177.5(a)(1) authorizes a successor to a former redevelopment agency dissolved by Assembly Bill No. 26 ("AB X1 26") to refund the bonds of the former redevelopment agency for the purpose of generating savings to the successor agency, and Section 34177.5(c) provides that prior to incurring any bonds, the successor agency may subordinate to the bonds the amount required to be paid to an affected taxing entity pursuant to Section 34183(a)(1), provided that the taxing entity approves the subordination; and

WHEREAS, the Successor Agency to the Community Redevelopment Agency of the City of Montebello (the "Successor Agency") on June 8, 2015 by letter advised its intention to refinance certain outstanding Montebello Hills Project Area and South Montebello Industrial Project Area ("Projects") tax allocation bonds by issuance of the 2015 Bonds (the "2015 Bonds") payable from and secured by a pledge of certain Project tax increment revenues. The Successor Agency, in the same letter, has requested that the County of Los Angeles (the "County"), the County Library District ("the Library District"), the Los Angeles County Consolidated Fire Protection District ("the Fire District"), and the Los Angeles County Flood Control District ("the Flood Control District") subordinate any and all payments which the County, the Library District, the Fire District, and the Flood Control District are entitled to receive pursuant to Health & Safety Code Section 33607.5 ("Section 33607.5") from the Projects to the Successor Agency's payments of principal and interest on the 2015 Bonds; and

WHEREAS, the requested subordination does not lessen or eliminate the Successor Agency's obligation to make the required payments to the County, the Library District, the Fire District, and the Flood Control District under Section 33607.5 and is intended to permit the Successor Agency to obtain a higher credit rating on its bonds and thus lower the Successor Agency's financing costs; and

WHEREAS, Section 34177.5(c) provides that at the time a successor agency requests an affected taxing entity to subordinate the amount to be paid to it, the successor agency must provide substantial evidence that sufficient funds will be available to pay both the debt service and the required payments to the taxing entity, that the taxing entity must approve or disapprove the request for subordination within 45 days after the receipt of a letter requesting subordination, and that the taxing entity may disapprove the request only if it finds, based upon substantial evidence, that the successor agency will not be able to pay the debt payments and the amount required to be paid to the taxing entity under Section 33607.5; and

WHEREAS, the Successor Agency has presented sufficient evidence demonstrating its ability to make the required payments to the County, the Library District, the Fire District, and the Flood Control District after payment of debt service on the 2015 Bonds.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of the County of Los Angeles that:

Subordinate the County's Right to Receive
Pass-Through Payments to the Successor Agency to the Community
Redevelopment Agency of the City of Montebello Projects
Page 2 of 2

The County, the Library District, the Fire District, and the Flood Control District hereby agree that so long as the 2015 Bonds remain outstanding, any and all payments which the County, the Library District, the Fire District, and the Flood Control District are entitled to receive from the Projects pursuant to Section 33607.5 shall be and shall remain subordinate to the payments pledged from the Projects to pay the principal of and interest on the 2015 Bonds.

The foregoing resolution was on the 21st day of July 2015, adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies, and authorities for which the Board so acts.



PATRICK OGAWA
Acting Executive Officer Board of
Supervisors of the County of Los Angeles

By 
Deputy

APPROVED AS TO FORM

MARY C. WICKHAM
Interim County Counsel

By 
Thomas Parker
Deputy County Counsel